



Health Services
LOS ANGELES COUNTY

May 8, 2007

Los Angeles County
Board of Supervisors

Gloria Molina
First District

Yvonne B. Burke
Second District

Zev Yaroslavsky
Third District

Don Knabe
Fourth District

Michael D. Antonovich
Fifth District

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

Dear Supervisors:

**APPROVAL OF EQUIPMENT MAINTENANCE AND
REPAIR SERVICES AGREEMENTS**
(All Districts) (3 Votes)

IT IS RECOMMENDED THAT YOUR BOARD:

Bruce A. Chernof, MD
Director and Chief Medical Officer

John R. Cochran III
Chief Deputy Director

Robert G. Splawn, MD
Senior Medical Director

313 N. Figueroa Street, Suite 912
Los Angeles, CA 90012

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Fax: (213) 481-0503

*To improve health
through leadership,
service and education.*



www.ladhs.org

1. Authorize the Director of Health Services, or his designee, to execute an Agreement, substantially similar to Exhibit I, with Gyrus ACMI, L. P. (Gyrus ACMI), effective date of Board approval through April 30, 2012, for the provision of equipment repair services of endoscopic medical equipment at Olive View-UCLA Medical Center (Olive View), with a total annual cost of \$76,000, and five-year total cost of \$380,000, and increase the total maximum obligation by no more than 40% above the first year allocation for additional equipment and repair services for a potential annual increase of \$30,400 and total five-year potential increase of \$152,000.
2. Authorize the Director of Health Services, or his designee, to execute an Agreement, substantially similar to Exhibit I, with Merry X-Ray Chemical Corporation (Merry X-Ray), effective July 1, 2007 through March 31, 2009, for the provision of maintenance and repair services at various Department of Health Services (DHS) facilities, Department of Coroner, and the Sheriff's Department, with a total annual cost of \$502,916 (\$478,716 for DHS, \$4,200 for Department of Coroner, and \$20,000 for Sheriff's Department), and 21-month total cost of \$880,103 (\$837,753 for DHS, \$7,350 for Department of Coroner, and \$35,000 for Sheriff's Department), and increase the total maximum obligation by no more than 40% above the Fiscal Year (FY) 2007-08 allocation for additional equipment and repair services for a potential annual increase of \$201,166 and total 21-month potential increase of \$352,041, and delegate authority to the Director of Health Services, or his designee, to extend the term of the Agreement to run concurrently with the term of DHS Agreement No. DX60015 (Novation/Merry X-Ray Corporation Imaging Distribution), as applicable.

PURPOSE/JUSTIFICATION OF THE RECOMMENDED ACTIONS:

Board approval of the Agreement with Gyrus ACMI will ensure that services for medical equipment are provided by the Original Equipment Manufacturer (OEM).

When possible, DHS contracts with OEMs to ensure that the equipment, which often uses proprietary technology, performs in accordance with the specifications and complies with all accrediting and licensing agencies' requirements, including The Joint Commission.

Board approval of the Agreement with Merry X-Ray will ensure DHS facilities, Department of Coroner, and the Sheriff's Department the provision of maintenance and repair services for mammography film processors, other medical x-ray film processors, and Water Saver Plus units, as well as the collection and disposal of medical x-ray chemicals.

FISCAL IMPACT/FINANCING:

The total proposed annual cost for these Agreements is \$810,482 (\$578,916 for services and \$231,566 for potential increase). The proposed annual cost for Gyrus ACMI is \$106,400 (\$76,000 for services and \$30,400 for potential increase), and five-year cost is \$532,000 (\$380,000 for services and \$152,000 for potential increase) (Attachment B). Funding is included in the DHS Fiscal Year (FY) 2006-07 Final Budget, is included in the FY 2007-08 Proposed Budget and will be requested in future fiscal years.

The proposed annual cost for Merry X-Ray is \$704,082 (\$502,916 for services comprised of \$478,716 for DHS, \$4,200 for Department of Coroner, and \$20,000 for the Sheriff's Department and \$201,166 for potential increase), and 21-month cost is \$1,232,144 (\$880,103 for services comprised of \$837,753 for DHS, \$7,350 for Department of Coroner, and \$35,000 for Sheriff's Department and \$352,041 for potential increase) (Attachment C). Funding is included in the FY 2007-08 Proposed Budget and will be requested in future fiscal years.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS:

Gyrus ACMI:

Your Board approved an Agreement with American Cytoscope Makers, Inc. (ACMI), effective July 1, 2004 through June 30, 2006, after the repair services reached the limit of the Purchasing Agent's statutory authority. Most recently on June 7, 2006, your Board approved an amendment for five years because ACMI is the OEM for Olive View's endoscopic equipment. This Amendment was never signed because ACMI was in the process of merging with Gyrus. Because DHS facilities needed this equipment to be functional at all times, DHS had no choice but to immediately obtain the necessary services from another existing DHS contract with a non-OEM contractor, although under less favorable terms. For example, under the non-OEM contract, Olive View has had to purchase new equipment when a scope could not be repaired. A contract with Gyrus ACMI, which is the OEM, is more cost effective because, among other things, it provides refurbished scopes in working condition at no additional cost to the County.

Olive View was recently approached by the newly restructured Gyrus ACMI about reestablishing an Agreement. Olive View has determined that the ACMI coverage for endoscopic scope repairs is more cost effective in the long term because ACMI provides all-inclusive, unlimited repair services and ACMI either repairs the scopes and their parts, or replaces them with a refurbished unit in working condition with no additional cost to the County. The high breakage rate of the scopes justifies having an all-inclusive repair contract, as currently offered by Gyrus ACMI, for this type of medical equipment. Additionally, as previously stated, whenever possible DHS contracts with the OEM.

Merry X-Ray:

The County currently has two Agreements with Merry X-Ray that expire June 30, 2007: 1) under the first Agreement (H-208588), Merry X-Ray has been providing maintenance and repair services for film processors and Water Saver Plus systems, chemicals delivery, and chemical waste pickup at several DHS facilities, as well as the Department of Coroner and Sheriff's Department since 1997; and 2) in November 2006, the Board approved a delegation and assignment of the Sourceone Healthcare Technologies Agreement to Merry X-Ray. Under this Agreement (H-207634), Merry X-Ray provides similar services that include maintenance and repairs for laser and processor and multi-loader equipment, chemicals delivery, and chemical waste pickup at MLK-Harbor.

DHS also has an Agreement with the Novation Diagnostic Imaging Council (Novation) for consumable products, including x-ray film and other supplies required for radiology services. In June, 2005, Novation conducted an Invitation to Bid. Merry X-Ray was selected by Novation in August, 2005. The Novation/Merry X-Ray Imaging Distribution (DX60015) Agreement is effective April 1, 2006 through March 31, 2009, and Novation has the option to extend this Agreement for two additional years. The Department advised your Board that if Merry X-Ray was selected by Novation, the Department would enter into a new single Agreement for the services presently being provided under separate Agreements with Merry X-Ray and for the same term as the Novation Agreement for consumable products.

Approval of this action will ensure maintenance and repair services for mammography and other medical x-ray film processors and Water Saver Plus units, as well as the collection and disposal of medical x-ray chemicals. The bi-weekly/monthly maintenance services for film processors ensure proper functioning of the equipment. The Water Saver Plus units at various DHS facilities are uniquely designed for medical x-ray film processing equipment and enable radiology departments to process x-rays for several weeks using bottled water during disasters when running water is unavailable. These units also reduce water usage by approximately 95 percent.

Merry X-Ray also provides x-ray chemical services, hazardous waste disposal services, and collection and disposal of scrap film and file purges. These services ensure County facilities' compliance with the local "Publicly Owned Treatment Works" standards for discharge limitations, as well as ensure no hazardous wastes are introduced into County facilities' discharge drains. Approval of this action will also ensure the services provided under the second Merry X-Ray Agreement, which include maintenance and repair services for laser and multi-loader equipment, as well as weekly chemical delivery and bi-weekly chemical waste pickup at MLK-Harbor, continue uninterrupted.

Exhibit I, a form Agreement, contains all of the latest Board-mandated provisions. The County may terminate the Agreement with a 30-day prior written notice. County Counsel has approved Exhibit I as to form.

Attachments A, B, and C provide additional information.

CONTRACTING PROCESS:

The endoscopic medical equipment was originally purchased from ACMI, the OEM. When possible, DHS contracts with OEMs to ensure that the equipment, which often uses proprietary technology, performs in The

The Honorable Board of Supervisors
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accordance with equipment specifications and complies with all accrediting and licensing agencies' requirements, including The Joint Commission.

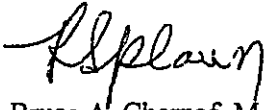
Merry X-Ray was selected as a result of a bid process conducted by Novation.

IMPACT ON CURRENT SERVICES (OR PROJECTS):

Approval of these actions will allow DHS, Department of Coroner, and Sheriff's Department to ensure necessary maintenance and repair services are provided for critical equipment located at County facilities.

When approved, this Department requires three signed copies of the Board's action.

Respectfully submitted,



Bruce A. Chernof, M.D.
Director and Chief Medical Officer

BAC:jc
BL - Merry X-Ray & ACML.wpd

Attachments (4)

c: Chief Administrative Officer
County Counsel
Executive Officer, Board of Supervisors

SUMMARY OF AGREEMENTS

1. TYPE OF SERVICES:

Approval of equipment maintenance and repair services agreements

2. AGENCY ADDRESSES AND CONTACT PERSONS:

Todd Frese, Senior Director, Corporate Sales
Gyrus ACMI, L. P.
6655 Wedgwood Road, Suite 160
Maple Grove, MN 55311
Telephone: (847) 498-5618

Al Lewin, Vice President
Merry X-Ray Chemical Corporation
1422 Gardena Avenue
Glendale, CA 91204
Telephone: (818) 240-8370

3. TERM:

ACMI Gyrus: Date of Board approval through April 30, 2012
Merry X-Ray: July 1, 2007 through March 31, 2009

4. FINANCIAL INFORMATION:

The total proposed annual cost for these Agreements is \$810,482 (\$578,916 for services and \$231,566 for potential increase)

The proposed annual cost for Gyrus ACMI is \$106,400 (\$76,000 for services and \$30,400 for potential increase), and five-year cost is \$532,000 (\$380,000 for services and \$152,000 for potential increase). Funding is included in the DHS Fiscal Year (FY) 2006-07 Final Budget, is included in the FY 2007-08 Proposed Budget and will be requested in future fiscal years.

The proposed annual cost for Merry X-Ray is \$704,082 (\$502,916 for services comprised of \$478,716 for DHS, \$4,200 for Department of Coroner, and \$20,000 for the Sheriff's Department and \$201,166 for potential increase), and 21-month cost is \$1,232,144 (\$880,103 for services comprised of \$837,753 for DHS, \$7,350 for Department of Coroner, and \$35,000 for Sheriff's Department and \$352,041 for potential increase). Funding is included in the FY 2007-08 Proposed Budget and will be requested in future fiscal years.

5. GEOGRAPHIC AREA SERVED:

All Districts.

6. ACCOUNTABILITY FOR PROGRAM MONITORING AND EVALUATION:

Facility Administrator.

7. APPROVALS:

Harbor-UCLA Medical Center:
High Desert Health System:
Martin Luther King, Jr.-Harbor Hospital:
LAC+USC Medical Center:
Olive View-UCLA Medical Center:
Rancho Los Amigo National Rehabilitation Center:
Department of Coroner:

Miguel Ortiz-Marroquin, Interim CEO
Beryl Brooks, CEO
Antionette Smith-Epps, CEO
Pete Delgado, CEO
Gretchen McGinley, Interim CEO
Jorge Orozco, Interim CEO
Lakshmanan Sathyavagiswaran, Chief Medical Examiner-Coroner
Leroy D. Baca, Sheriff
Cara O'Neill, Chief
Andrea E. Ross, Senior Associate

Sheriff's Department:
Contracts and Grants:
County Counsel (approval as to form):

ATTACHMENT B**MAINTENANCE AND REPAIR SERVICE AGREEMENTS**

	<u>Annual Maintenance & Repair Services</u>	<u>Reserve Funds</u>	<u>Annual Cost</u>	<u>FY 2007-08 - FY 2008-12</u>
Olive View-UCLA Medical Center				
Gyrus ACMI	75,771	229	76,000	380,000
40% Delegated Authority:			30,400	152,000
Total:			106,400	532,000

ATTACHMENT C

MERRY X-RAY CHEMICAL CORPORATION

July 1, 2007 through March 31, 2009

	<u>Annual Maintenance & Repair Services</u>	<u>Reserve Funds</u>	<u>July 1, 2007- June 30, 2008</u>	<u>July 1, 2008- March 31, 2009</u>	<u>TOTAL</u>
Department of Health Services:					
Harbor	\$68,520.00		\$68,520.00	\$51,390.00	\$119,910.00
Long Beach	\$4,200.00		\$4,200.00	\$3,150.00	\$7,350.00
Wilmington	\$4,200.00		\$4,200.00	\$3,150.00	\$7,350.00
High Desert & Antelope Valley Health Center	\$18,036.00	\$1,964.00	\$20,000.00	\$15,000.00	\$35,000.00
LAC+USC	\$148,350.00		\$148,350.00	\$111,262.50	\$259,612.50
El Monte	\$23,950.00		\$23,950.00	\$17,962.50	\$41,912.50
Hudson	\$18,750.00		\$18,750.00	\$14,062.50	\$32,812.50
Roybal	\$23,950.00		\$23,950.00	\$17,962.50	\$41,912.50
Juvenile Court	\$5,000.00		\$5,000.00	\$3,750.00	\$8,750.00
MLK-Harbor	\$90,600.00	\$7,740.00	\$98,340.00	\$73,755.00	\$172,095.00
Humphrey	\$19,956.00		\$19,956.00	\$14,967.00	\$34,923.00
Olive View, Mid-Valley, & San Fernando	\$30,000.00	\$1,500.00	\$31,500.00	\$23,625.00	\$55,125.00
Rancho	<u>\$11,520.00</u>	<u>\$480.00</u>	<u>\$12,000.00</u>	<u>\$9,000.00</u>	<u>\$21,000.00</u>
DHS Subtotal:	\$467,032.00	\$11,684.00	\$478,716.00	\$359,037.00	\$837,753.00
40% Delegated Authority:			\$191,486.40	\$143,614.80	\$335,101.20
DHS Total:			\$670,202.40	\$502,651.80	\$1,172,854.20
 Department of Coroner	 \$4,200.00		 \$4,200.00	 \$3,150.00	 \$7,350.00
40% Delegated Authority:			\$1,680.00	\$1,260.00	\$2,940.00
Department of Coroner Total:			\$5,880.00	\$4,410.00	\$10,290.00
 Sheriff's Department	 \$20,000.00		 \$20,000.00	 \$15,000.00	 \$35,000.00
40% Delegated Authority:			\$8,000.00	\$6,000.00	\$14,000.00
Sheriff's Department Total:			\$28,000.00	\$21,000.00	\$49,000.00
 Subtotal:	 \$491,232.00	 \$23,368.00	 \$502,916.00	 \$377,187.00	 \$880,103.00
40% Delegated Authority:			\$201,166.40	\$150,874.80	\$352,041.20
Total:			\$704,082.40	\$528,061.80	\$1,232,144.20